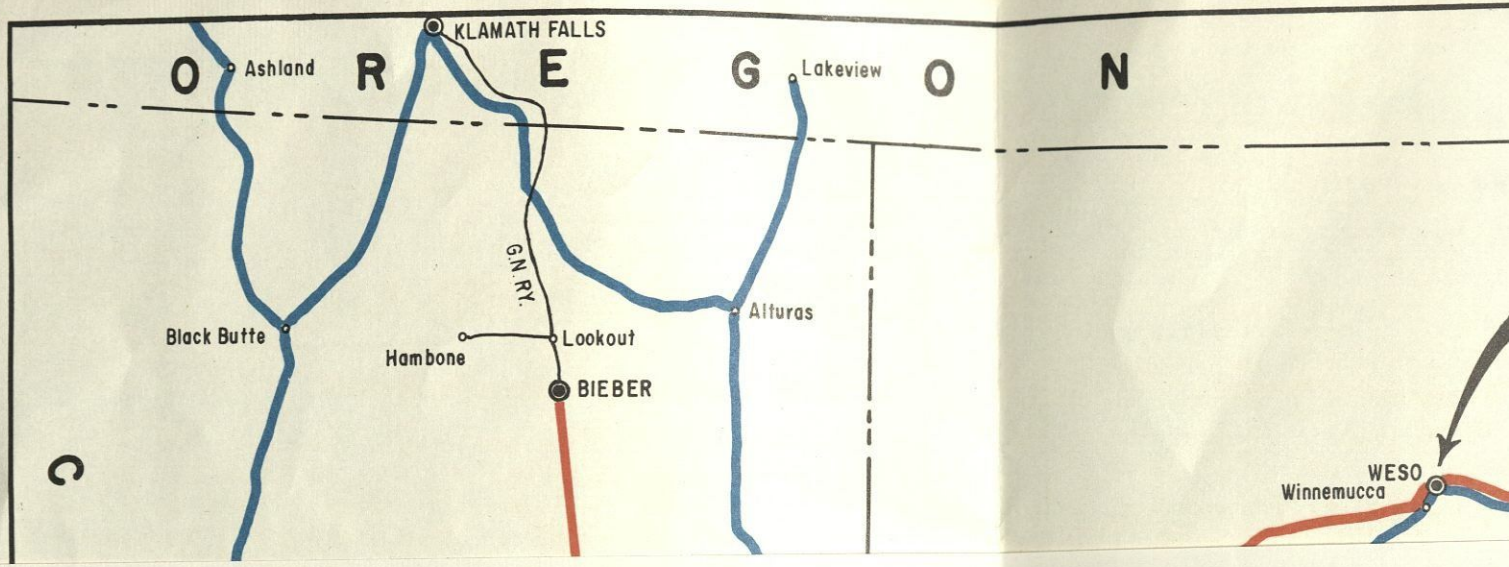
Western Pacific Control-

Why Southern Pacific's Proposal Best Serves the Public Interest



This map shows why only South

can co-ordinate their

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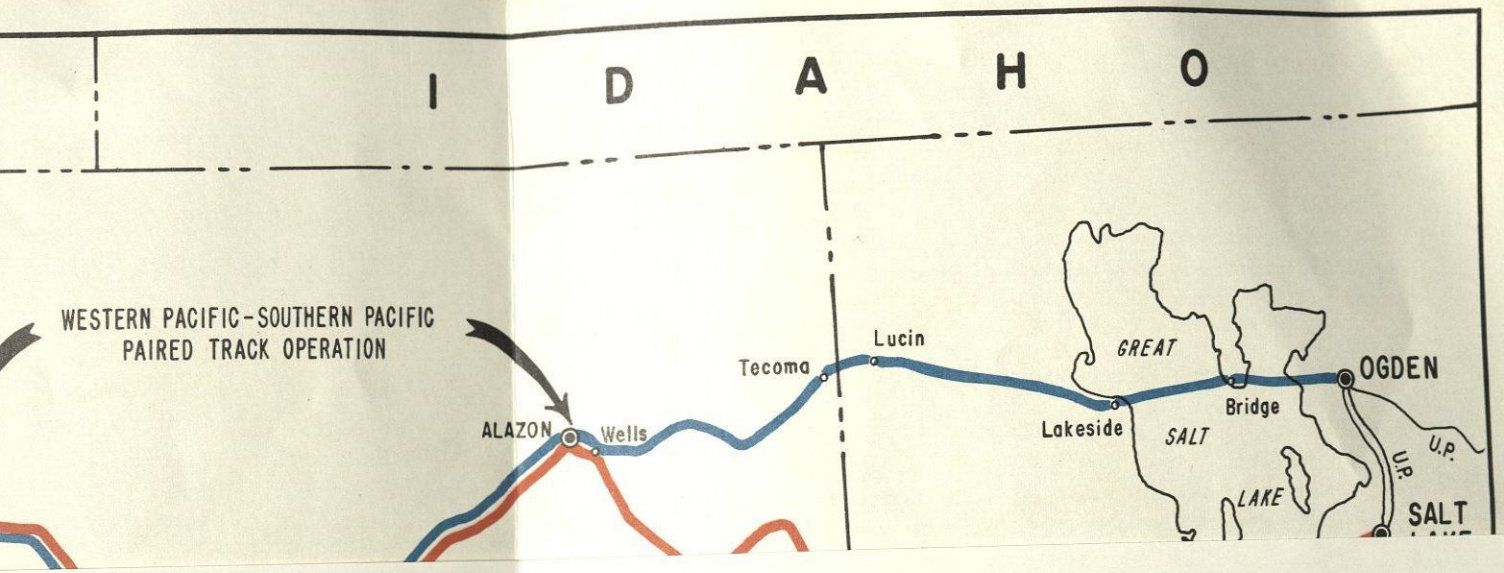
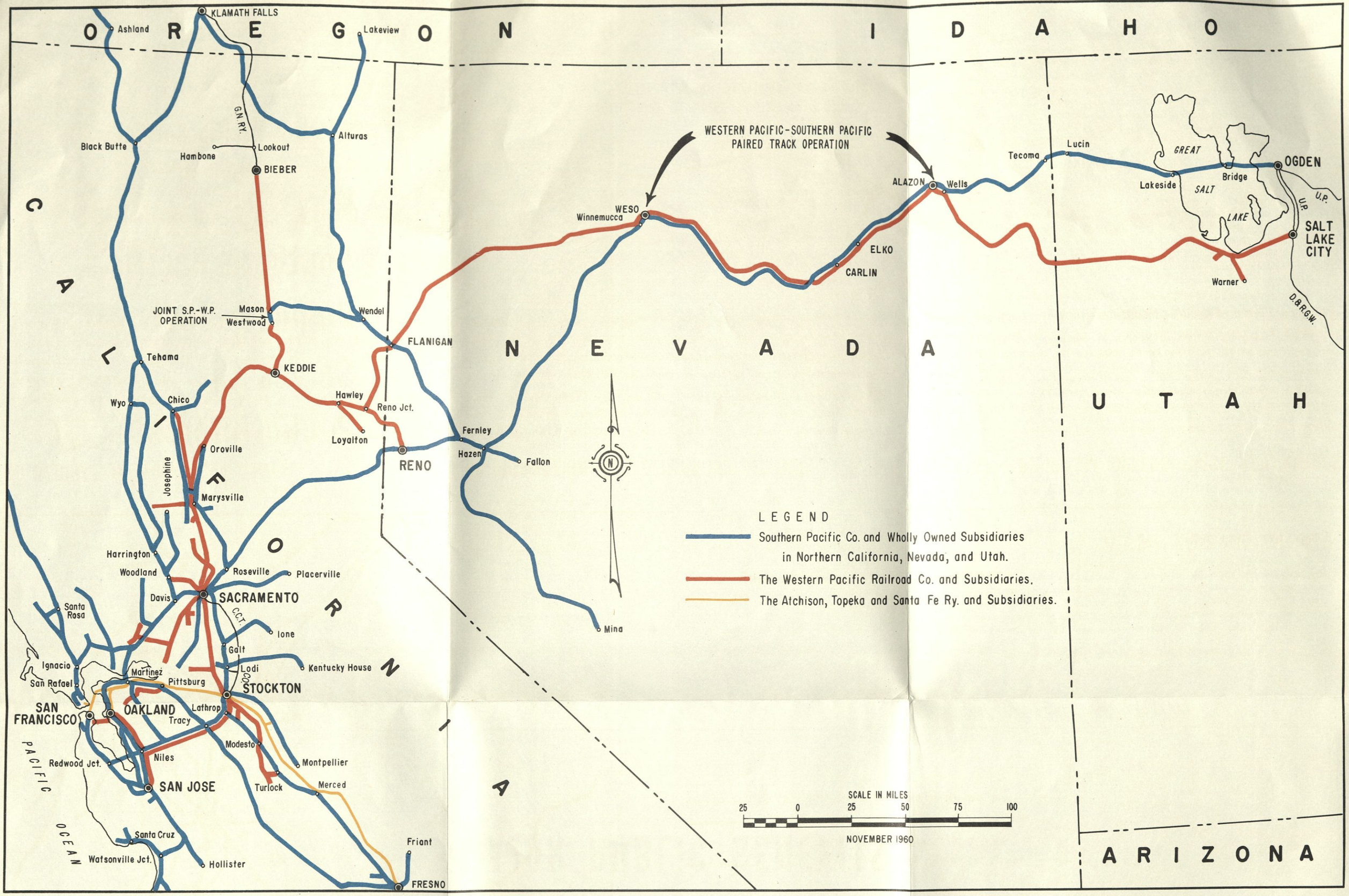


hern Pacific and Western Pacific

operations to produce

IC BENEFITS

Line Reference Target LRT-BE4-V3



CO-ORDINATION WOULD CUT COSTS

The map shows how Southern Pacific and Western Pacific lines run parallel and interweave from the San Francisco Bay Area east into Utah and from Stockton up into northern California. Both lines serve many of the same communities. Co-ordination of the services of the two roads provides a natural opportunity for increased efficiency of both, through joint use of trackage and facilities. Presently the shippers, the communities served by both railroads, and ultimately the general public are paying the substantial cost of lack of this close co-ordination.

CO-ORDINATION WOULD IMPROVE SERVICE

Examples: SP trains to and from the Pacific Northwest would save 53 miles and 2½ hours in running time by using the WP line between Flanigan and Weso, Nevada, instead of the SP line via Fernley. WP's freight trains to and from the San Francisco Bay Area would save 45 miles and two hours in running time by using the SP line between Sacramento and Oakland. Handling of freight car movements on an exchange basis would help balance the traffic flow, improve distribution of freight cars for loading, and result in better service as well as substantial economies for both roads.

ONLY SP's PROPOSAL OFFERS THESE ADVANTAGES

The economies and service improvements offered by SP-WP co-ordination are based on the fact that their lines parallel and serve common points. No other combination of railroads provides such opportunities. Santa Fe's control of WP would produce only a major extension of Santa Fe's service territory, and no improvement in the efficiency and economy of rail service in the area. Santa Fe does not parallel WP; it joins it end-to-end. Santa Fe's interest lies chiefly in extending its influence into territory already adequately served, with no compensating benefit to shippers, communities or the general public.

Why Is Control Necessary For Co-ordination?

Under SP control of WP, the two roads would continue as separate entities and they would continue to compete for traffic. But only through control can there be effected the full and complete co-ordination of operating facilities which will provide enduring and continuing major economies to both roads and maximum service improvement to the public. Without control, considerations of pride and short range self interest will continue inevitably to obscure opportunities for improved efficiency and economy, to the detriment of the public interest.

How Would Shippers and Communities Benefit?

Co-ordination of SP-WP operations would provide faster service over the lines of both railroads. It would speed up service to switching areas. It would promote greater use of the more efficient facilities of each company. It would keep freight rates at lowest possible levels by reducing railroad operating costs. It would place both roads in stronger position to move forward with their service and equipment improvement programs. There would be opportunities to ease vehicular traffic problems in various communities by removal of main-line operations from their principal streets.

WP Service Features Would Be Maintained

WP, as a separate entity, operating under its own management, would continue to compete with SP for traffic. For example, its own management would continue, as it now does, such activities for traffic development as rate making, traffic solicitation, location of new industries, and maintenance of freight and passenger service. It would maintain all interchange points, gateways, routes, and traffic arrangements, including preservation and development of its present route to and from the Pacific Northwest via Bieber and the overland route via Salt Lake City.

Employe Relations

Within a separately operated company, employes of the Western Pacific would continue under their present working conditions and agreements. All of the benefits now enjoyed by the employes of Western Pacific would be continued.

Competitive Transportation

The transportation situation today is completely different from what it was fifty years ago. The railroads' chief sources of competition are no longer the railroads themselves, but other modes of transportation. Under the proposal, both SP and WP would continue to serve their customers, and aggressively seek traffic against all competition. It is the ability of both SP and WP to compete for traffic which will be increased under the proposed transaction, and this means better rail service in the West.

AN OPEN LETTER

To Shippers, Communities and the General Public Served by Southern Pacific and Western Pacific:

The continuing rapid growth of the West calls for the best and most efficient rail service it is possible to provide. To be the best, it must also be the most efficient. The public interest inevitably suffers whenever waste and inefficiency are allowed to persist in the railroads that serve our communities. The shipper, the receiver, the traveler, and ultimately the entire public pay the cost of such inefficiency, both in terms of freight rates and in terms of service improvements that could otherwise be provided by the railroads involved.

One of the greatest challenges faced by the separate managements of American railroads today is to find effective ways of co-ordinating the operations of their facilities, particularly where two roads run virtually side by side, serving the same communities. In such cases tremendous savings are possible, through co-ordinated use of trackage and other facilities. Out of these savings will come better transportation values in terms of rates and service improvements.

Southern Pacific's application, now on file with the Interstate Commerce Commission, for control of Western Pacific through ownership of capital stock, is directed at achieving economies which will strengthen the ability of both railroads to carry forward the programs of improvement which this growing western region requires and to which it is entitled.

Southern Pacific and Western Pacific are unique, not only in the fact that their lines parallel and serve many of the same communities in northern California and east to Utah, but in the fact that both are headquartered in the far West. Their histories and traditions have been bound up in the development of this western empire, and together they can make an even greater contribution to its progress.

D. J. RUSSELL, President
Southern Pacific Company